

Weekly Economic Review

Earnings pull back in January

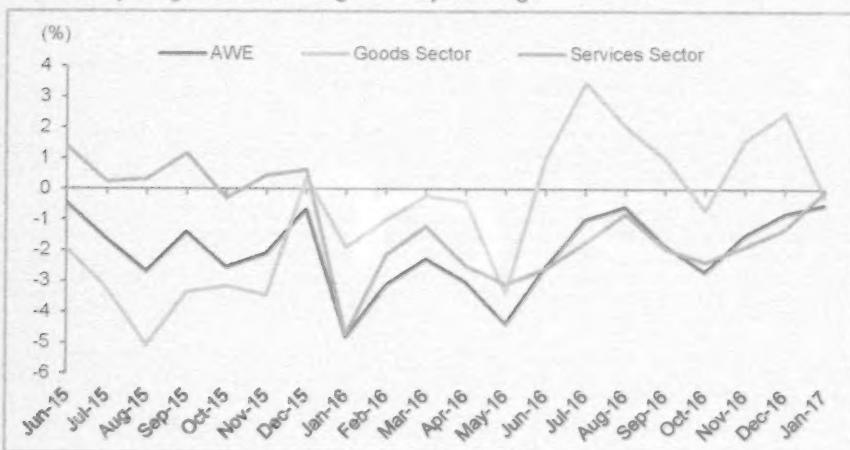
Average Weekly Earnings

Lower earnings in mining, oil and gas drag down overall AWE

Average weekly earnings (AWE) pulled back in January after two consecutive monthly increases. AWE fell 2% month-over-month (m/m) to \$1,113 as earnings in both goods (-3.6% m/m) and service-producing industries (-1.6% m/m) fell. Fourteen of the twenty subsectors saw monthly declines. The most notable was

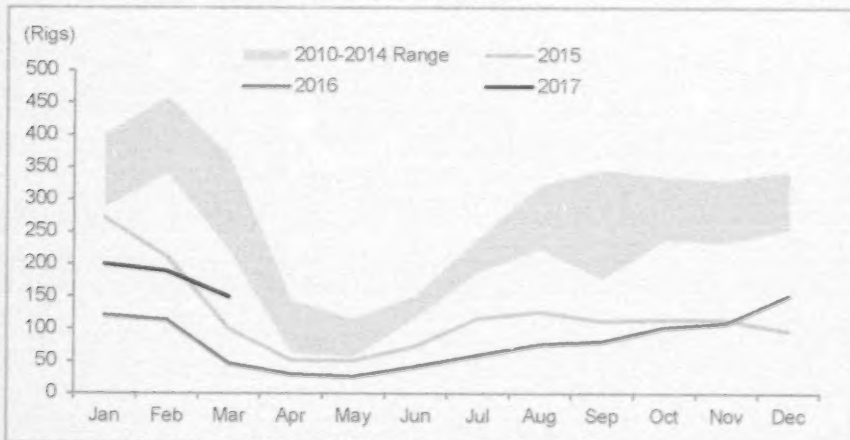
in mining, oil and gas sector, where earnings fell 12.1% m/m, reversing the steady improvement in 2016. Earnings were also weaker in professional, scientific and technical services (-6.5% m/m), utilities (-4.3% m/m), and finance and insurance (-5.8% m/m). These were partly offset by higher earnings in management of companies (+8.1% m/m) and wholesale trade (+6.3% m/m). Compared with January 2016, overall AWE were down slightly but the decline continued to moderate (Chart 1). Despite a soft start to the year, earnings in Alberta remain the highest in the country.

Chart 1: Year-over-year decline in AWE continues to moderate
Year-over-year growth in average weekly earnings



Source: Statistics Canada

Chart 2: Drilling activity slows down for spring break-up
Number of rigs drilling for oil and gas in Alberta



Source: Canadian Association of Oilwell Drilling Contractors

Metres Drilled

Metres drilled for oil reach two-year high

The number of metres drilled surged in January, propped up by higher drilling activity for oil. After rising in December, total metres drilled grew by 26% m/m as drilling for both conventional and bitumen oil reached the highest level since November 2014. Compared with last year, metres drilled were up 60%. The year-over-year (y/y) growth came solely from the oil sector; natural gas was unchanged. The number of wells completed were more than double compared with January 2016 due to broad-based gains in oil, natural gas and bitumen. However, metres drilled per well were down (-21% y/y) due to declines across the board.

Rigs Drilling

Spring break-up slows rig activity

Drilling activity slipped in March as the winter drilling season came to an end. The number of active rigs averaged 148 in March, a decline of over 20% from February. The decline represents changes in drilling activity due to spring break-up. Despite the slowdown, rig counts in March were over three times

higher than in the same month in 2016 (Chart 2). Meanwhile, Alberta's rig utilization was 34%, the highest utilization for the month of March since 2014. The recovery in drilling activity in Alberta continued to outpace the rest of Canada, where active rig counts were up 60% y/y.

Job Vacancies

Job vacancies dip to new record low

Job vacancies remain limited in the province. There were 23,300 job vacancies in the three-month period ending in December 2016, down 1,000 from the previous period. This is the lowest number of job vacancies since the data began to be published in 2011. With vacancies remaining low and more Albertans looking for work, the unemployment-to-job vacancy ratio rose to a new high of 8.5 for

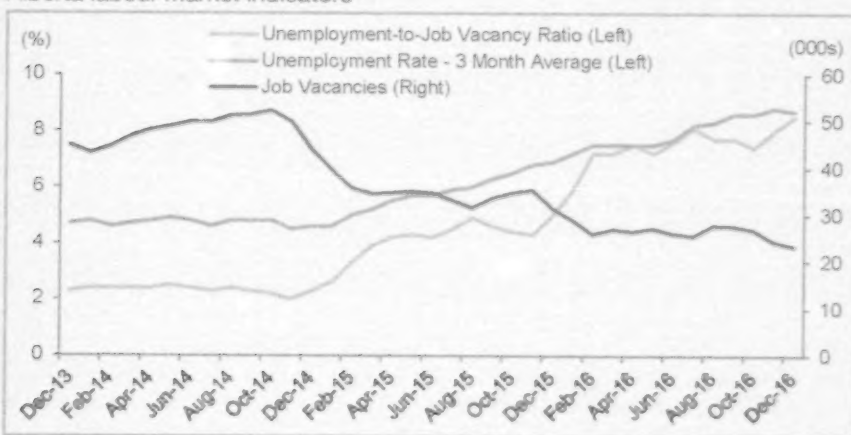
the period ending December 2016 (Chart 3). This is well above the historical average of 3.5 and higher than the Canadian average of 5.7.

International Travel

Travel to Alberta remains strong

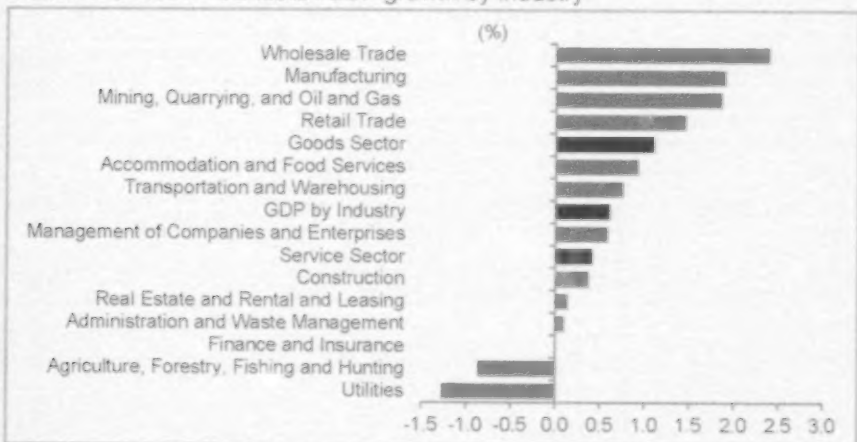
Travel to Alberta and Canada continues to increase at a strong pace. The number of visitors entering Canada directly through Alberta totalled 46,259 in January, up 18% y/y. The increase reflected higher visits by both US (+13% y/y) and non-US residents (+30% y/y). Similarly, the number of visits from non-resident tourists into Canada continued to grow (+9.9% y/y). Meanwhile, the number of Canadian residents returning to Alberta from the US rose for the first time since January 2015 (+2.6% y/y).

Chart 3: Job vacancies decline to reach new record low in December
Alberta labour market indicators



Source: Statistics Canada

Chart 4: Widespread growth across sectors lift real GDP in January
Month-over-month Canadian GDP growth by industry



Source: Statistics Canada

Canadian GDP by Industry

Strong start to 2017

The Canadian economy started 2017 with a bang. Real GDP grew by a 0.6% m/m in January, the third consecutive monthly expansion and the largest monthly gain since July 2011 (with the exception of June 2016 when oil production was restored following the Fort McMurray wildfires). Output in the goods sector grew for the seventh time in eight months (+1.1% m/m), led by manufacturing (+1.9% m/m) and mining, oil and gas (+1.9% m/m). Meanwhile, the service sector posted its highest monthly growth rate since June 2015 (+0.4% m/m), supported by strong growth in wholesale (+2.4% m/m) and retail trade (1.5% m/m) (Chart 4). Compared with January 2016, real GDP grew by 2.3%.

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Please see the [Alberta Economy - Indicators at a Glance](#) for a snapshot of Alberta indicators.